

# KHANNA & PANCHMIA

## CHARTERED ACCOUNTANTS

### INDEPENDENT AUDITORS' REPORT

#### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Pidilite Chemicals PLC** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019 and the Statement of Profit and Loss for the year then ended and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the relevant law for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted Loss for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. We report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards generally accepted in India.

For **Khanna & Panchmia**  
Chartered Accountants  
Firm Reg. No. 136041W

*Ketan Panchmia*

**Ketan Panchmia**  
Partner  
Membership No. 038985



Date: 09/05/2019  
Place: Mumbai



**Pidilite Chemical PLC**  
**Balance Sheet as at Year ended 31, March 2019**

Particulars	Note	April 18- March 19	April 17- March 18
		BIRR	BIRR
<b>ASSETS</b>			
<b>1. Non-current assets</b>			
Property, Plant and Equipment	1	1,01,920	1,18,049
Capital work-in-progress	2	1,86,86,958	1,60,78,582
		<b>1,87,88,878</b>	<b>1,61,96,631</b>
			-
		<b>1,87,88,878</b>	<b>1,61,96,631</b>
<b>2. Current Assets</b>			
Financial Assets (Current)			
Trade receivables	3	1,55,325	1,26,261
Cash and cash equivalents	4	19,60,311	66,72,265
Loans	5	11,855	4,430
		<b>21,27,491</b>	<b>68,02,956</b>
Other Non - current assets	6	688	688
		<b>21,28,179</b>	<b>68,03,644</b>
<b>TOTAL ASSETS</b>		<b>2,09,17,057</b>	<b>2,30,00,275</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	7	1,25,32,800	1,25,32,800
(b) Reserve & Surplus	8	(58,28,090)	(28,41,471)
<b>Total Equity</b>		<b>67,04,709</b>	<b>96,91,328</b>
<b>LIABILITIES</b>			
<b>1. Non-current liabilities</b>			
<b>(a) Financial Liabilities</b>			
Other financial liabilities	9	1,28,25,000	1,28,25,000
		<b>1,28,25,000</b>	<b>1,28,25,000</b>
<b>2. Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
Other financial liabilities	10	13,85,786	4,82,145
		<b>13,85,786</b>	<b>4,82,145</b>
Other current liabilities	11	1,561	1,802
		<b>13,87,347</b>	<b>4,83,947</b>
<b>Total Liabilities</b>		<b>1,42,12,347</b>	<b>1,33,08,947</b>
<b>TOTAL</b>		<b>2,09,17,057</b>	<b>2,30,00,275</b>

Notes forming part of the Financial Statements

For KHANNA & PANCHMIA  
 CHARTERED ACCOUNTANTS

Ketan J Panchmia  
 PARTNER  
 Membership no. 38985

09 MAY 2019



For and on behalf of the board  
 PIDILITE CHEMICAL PLC

J.P.

**Pidilite Chemical PLC**

**Profit and Loss Account for the Year ended 31, March 2019**

Particulars	Note	April 18- March 19	April 17- March 18
		BIRR	BIRR
<b>INCOME</b>			
Other Income	12	1,89,370	2,35,497
<b>Total Income</b>		<b>1,89,370</b>	<b>2,35,497</b>
<b>EXPENSES</b>			
Employee Benefits Expense	13	24,15,957	20,54,256
Finance Costs	14	16,875	16,875
Depreciation and Amortization Expense	15	35,974	16,866
Other Expenses	16	12,64,650	8,67,376
<b>Total Expenses</b>		<b>37,33,455</b>	<b>29,55,372</b>
Reimbursement received		(5,57,466)	(9,83,033)
<b>Profit/(loss)before Exceptional Items and Tax</b>		<b>(29,86,619)</b>	<b>(17,36,842)</b>
<b>Profit before Tax</b>		<b>(29,86,619)</b>	<b>(17,36,842)</b>
<b>Profit/(loss) for the year</b>		<b>(29,86,619)</b>	<b>(17,36,842)</b>

Notes forming part of the Financial Statements

For KHANNA & PANCHMIA  
CHARTERED ACCOUNTANTS

For and on behalf of the board  
PIDILITE CHEMICAL PLC

*Ketan J Panchmia*



Ketan J Panchmia

PARTNER

Membership no. 38985

09 MAY 2019

*[Signature]*



**Pidilite Chemical PLC**  
**Cash flow statement**

Particulars	March -19	March -18
	BIRR	BIRR
<b>Cash from Operations</b>		
<b>Profit/(Loss) Before Tax</b>	(29,86,619)	(17,36,842)
Dividend declared out of Reserves		
<b>Net Profit after Tax</b>	<b>(29,86,619)</b>	<b>(17,36,842)</b>
<b>Add: Non cash expenses</b>		
Depreciation \ Amortisation	35,974	16,866
<b>Net cash Profit &amp; loss account</b>	<b>(29,50,645)</b>	<b>(17,19,977)</b>
<b>Movement in Working Capital</b>	<b>(51,991)</b>	<b>28,907</b>
<b>(Increase) \ Decrease in working capital</b>		
(Increase) / Decrease in Inventory		
(Increase) / Decrease in Trade receivable	(29,064)	(1,26,261)
(Increase) / Decrease in Other Current Assets	-	30,600
(Increase) / Decrease in Loans & Advances	(7,425)	70,570
Increase / (Decrease) in Sundry Creditors	-	467
Increase / (Decrease) in Liabilities for expenses	(15,502)	53,531
<b>Net cash from operating activities</b>	<b>(30,02,636)</b>	<b>(16,91,070)</b>
<b>Cash from Investments</b>		
Purchase of Fixed Assets	(17,09,318)	(1,15,207)
<b>Net cash from investment activities</b>	<b>(17,09,318)</b>	<b>(1,15,207)</b>
<b>Cash from Financing</b>		
Infusion of equity share capital	-	62,63,200
<b>Net cash from financing activities</b>	<b>-</b>	<b>62,63,200</b>
<b>Net Inflow \ (Outflow) of cash in business</b>	<b>(47,11,954)</b>	<b>44,56,923</b>
Add : Opening cash balance	66,72,265	22,15,342
<b>Closing Cash Balance</b>	<b>19,60,311</b>	<b>66,72,265</b>
Actual cash balance as per books	19,60,311	66,72,265



Pidilite Chemical PLC

Notes to financials as at Year ended 31, March 2019.

Property, plant and equipment Schedule

1 & 2. Property, plant and equipment	Furniture & fixtures	Office equipment	Capital work in progress	Total
<b>Gross Block</b>				
Opening Balance	87,058	49,649	1,60,78,582	1,62,15,289
Additions	10,044	9,800	26,08,376	26,28,220
Disposals/Transfers	-	-	-	-
Translation adjustment	-	-	-	-
Closing Balance	97,102	59,449	1,86,86,958	1,88,43,509
<b>Accumulated Depreciation</b>				
Opening Balance	-	18,657	-	18,657
Depreciation expense	-	35,974	-	35,974
Disposals/Transfers	-	-	-	-
Translation adjustment	-	-	-	-
Closing Balance	-	54,631	-	54,631
<b>Net Block</b>	<b>97,102</b>	<b>4,818</b>	<b>1,86,86,958</b>	<b>1,87,88,878</b>

Notes to financials as at Year ended 31, March 2018.

1 & 2. Property, plant and equipment	Furniture & fixtures	Office equipment	Capital work in progress	Total
<b>Gross Block</b>				
Opening Balance	-	21,500	1,60,78,582	1,61,00,082
Additions	87,058	28,149	-	1,15,207
Disposals/Transfers	-	-	-	-
Translation adjustment	-	-	-	-
Closing Balance	87,058	49,649	1,60,78,582	1,62,15,289
<b>Accumulated Depreciation</b>				
Opening Balance	-	1,792	-	1,792
Depreciation expense	9,701	7,165	-	16,866
Disposals/Transfers	-	-	-	-
Translation adjustment	-	-	-	-
Closing Balance	9,701	8,957	-	18,658
<b>Net Block</b>	<b>77,357</b>	<b>40,692</b>	<b>1,60,78,582</b>	<b>1,61,96,631</b>





**Pidilite Chemical PLC**

Notes to financials as at Year ended 31, March 2019.

Particulars	As at 31st March 2019	As at 31st March 2018
	BIRR	BIRR
<b>3. Trade receivables</b>		
Receivable from Pidilite Industries Ltd	1,55,325	1,26,261
<b>TOTAL</b>	<b>1,55,325</b>	<b>1,26,261</b>
<b>4. Cash and Cash Equivalents</b>		
Balance with banks		
In Current Account	19,60,311	66,72,265
<b>TOTAL</b>	<b>19,60,311</b>	<b>66,72,265</b>
<b>5. Short Term Loans &amp; Advances</b>		
Loans and Advances to Employees and Others	11,855	4,430
<b>TOTAL</b>	<b>11,855</b>	<b>4,430</b>
<b>6. Other Current Non financial Assets</b>		
Advances to vendors:	688	688
<b>TOTAL</b>	<b>688</b>	<b>688</b>
<b>7. Equity Share Capital</b>		
<b>Authorised Share Capital :</b>		
Equity Shares 125,328 each of 100 Birr ( Previous year share 62,696 each of 100 Birr)		
<b>TOTAL</b> <b>ISSUED, SUBSCRIBED AND PAID UP SHARE</b> <b>Capital :</b>		
Equity Shares 125,328 each of 100 Birr ( Previous year share 62,696 each of 100 Birr)	1,25,32,800	1,25,32,800
<b>TOTAL</b>	<b>1,25,32,800</b>	<b>1,25,32,800</b>
<b>8. Reserves and Surplus</b>		
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per last financial statements (Surplus)	(28,41,471)	(11,04,629)
Add: Net Profit/(Net Loss) for the year	(29,86,619)	(17,36,842)
Closing balance (Surplus)	<b>(58,28,090)</b>	<b>(28,41,471)</b>
<b>Total Reserves</b>	<b>(58,28,090)</b>	<b>(28,41,471)</b>
<b>9. Other Non-current financial liabilities</b>		
Other financial liabilities - Leasehold land obligation	1,28,25,000	1,28,25,000
<b>TOTAL</b>	<b>1,28,25,000</b>	<b>1,28,25,000</b>
<b>10. Other Current Financial Liabilities</b>		
Accrued liabilities for expenses	4,66,884	4,82,145
Capital Creditors	9,18,902	-
<b>TOTAL</b>	<b>13,85,786</b>	<b>4,82,145</b>
<b>11. Other Current Non financial Liabilities</b>		
Statutory remittances	1,561	1,802
<b>TOTAL</b>	<b>1,561</b>	<b>1,802</b>



**Pidilite Chemical PLC**

**Notes to financials as at Year ended 31, March 2019.**

Particulars	April 18- March 19	April 17- March 18
	BIRR	BIRR
<b>12. Other Income</b>		
<b>Other Non-Operating Income:</b>		
Profit on Foreign Exchange	1,89,370	2,35,497
<b>Total</b>	<b>1,89,370</b>	<b>2,35,497</b>
<b>13. Employee Benefits Expense</b>		
Salaries and Wages	24,15,957	20,54,256
<b>Total</b>	<b>24,15,957</b>	<b>20,54,256</b>
<b>14. Finance Costs</b>		
<b>Interest expense on:</b>		
Others	16,875	16,875
<b>Total</b>	<b>16,875</b>	<b>16,875</b>
<b>15. Depreciation and Amortization</b>		
Depreciation on tangible assets	35,974	16,866
<b>Total</b>	<b>35,974</b>	<b>16,866</b>
<b>16. Other Expenses</b>		
Rent	7,18,976	2,39,045
Travelling and Conveyance Expenses	1,98,444	2,93,128
Communication Expenses	74,339	72,641
Legal, Professional and Consultancy fees	1,69,628	2,01,506
Transportation	-	2,000
Security exps	20,600	6,000
Miscellaneous expenses	74,953	53,055
Printing and Stationery	7,710	-
<b>Total</b>	<b>12,64,650</b>	<b>8,67,376</b>





**1 Legal Status, Management and Business Activity**

Pidilite Chemicals PLC is a Limited Liability Company incorporated on December 10th 2014.

The Company is formed to carry on manufacturing and trading of adhesives, sealants and construction chemical products.

**2 Basis of Preparation of Financial Statements**

These financial statements are prepared on a going concern basis. They are presented in Birr, currency unit of Eithopia.

The financial statements have been prepared under the historical cost convention basis.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

**Going Concern Assumption**

The retained losses have exceeded its share capital of the Company. The financial statements of the Company are being prepared on a going concern basis as the shareholders have undertaken to provide continued financial support to the Company to meet its capital requirements. The Management has no intention to liquidate or discontinue with its operations. The assets and liabilities are recorded on the basis that the Company will be able to realise its assets and discharge its liabilities in the normal course of business.

**3 Summary of Significant Accounting Policies**

**Revenue Recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of sales returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria has been met for the Company activities.

Sale of goods are recognised when the Company sells a product to the customer as control passes to the customer on the day the transaction takes place, in terms of the product being delivered to the customer or the customer accepts the products in accordance with the terms of sale.



## **Financial Instruments**

Financial assets are recognised when the Company becomes a party to the contractual provision of the financial instrument. Financial assets are derecognised when the contractual rights to receive the cash flows expire or substantially all the risks and rewards of ownership have been transferred. These are stated at cost less impairment losses. These are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. The Company derecognises financial liabilities when they are discharged, cancelled or expired. These are stated at cost, or where the impact is material at amortised cost using the effective interest method. These are included in current liabilities, except for maturities greater than 12 months after the balance sheet which are classified as non-current liabilities.

Financial instruments comprise of trade and other receivables, trade and other payable, amounts due to related parties and short term bank borrowings.

## **Cash and Cash Equivalents**

Cash and cash equivalents comprise of cash on hand and banks accounts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## **Borrowings**

Borrowings are recognised at the transaction price, including transaction costs. Interest expense is recognised on the basis of the effective interest method and is included in finance cost.

## **Provisions**

Provisions are recognised when the Company has a present obligation as a result of past event and it is probable that the outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the amount expected to be required to settle the obligation and the risk specific to the obligation.

## **Foreign Currencies Translations**

The financial statements are presented in Birr, which is the Company's functional currency and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year - end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

